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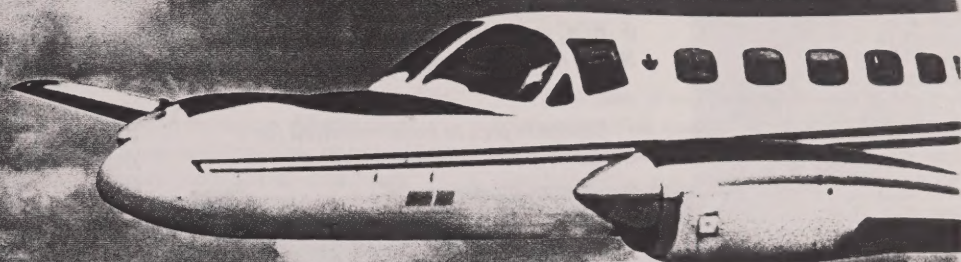
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Government
Public Name

EDC

TODAY

ANNUAL REPORT
OF EDC
CANADIAN
EASTERN



JAN 27, 1998

North West Group

Soaring export business

New financing in support
of Canadian exporters

Asia Pacific: Promising
opportunities amidst
the challenges

Services exports steadily
gaining strength

SPRING/SUMMER 1997

FRONT COVER North West Group
conducting aerial photography.
(See article, page 22.)

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EDC (Export Development Corporation)
helps Canadian exporters compete in
world markets by providing a wide range
of financial and risk management
services, including export credit
insurance, financing to foreign buyers
of Canadian goods and services, and
guarantees. EDC is a financially self-
sustaining Crown corporation that
operates on commercial principles.

The editor welcomes signed letters
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disponible en français.*

EDC

TODAY

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Stephen Marks, The Image Bank Inc.

New financing in support of Canadian exporters

Boosting Canadian exports to Algeria

Canadian exporters that sell to Algeria can now tap into US\$170 million in new export financing available from EDC.

EDC has established a US\$100 million line of credit with Banque Algérienne de Développement (BAD) and a US\$70 million line of credit with the state-run energy company Sonatrach. The BAD line of credit will be used to finance the purchase of Canadian goods and services by different Algerian buyers, while the Sonatrach credit facility will be used for Sonatrach's own sourcing requirements from Canada.

"As one of Canada's largest trading partners in the region, Algeria offers Canadian exporters many opportunities to supply goods and services," says June Domokos, EDC Vice-President, Asia, Africa and Middle East. Domokos cites engineering and consulting, agriculture and especially the oil and gas sectors as areas of Canadian strength.

"EDC has established excellent relationships with BAD and Sonatrach and with other Algerian partners to provide Canadian exporters with customized financing and insurance services," she says.

EDC lines of credit give Canadian companies of all sizes, and in all sectors, a competitive edge when selling capital goods or services in foreign markets. These lines of credit allow Canadian exporters to offer their buyers pre-arranged financing terms. Financing can be arranged through EDC offices in Vancouver, Calgary, Winnipeg, London, Toronto, Ottawa, Montreal or Halifax. Companies with annual export sales of up to \$1 million can call EDC's Emerging Exporters Team at 1-800-850-9626.

New line of credit with Turkey

EDC is setting up a US\$50 million facility with the Turkish export credit agency, Turk Eximbank, to finance the purchase of Canadian goods or services in Turkey and neighbouring markets.

The financing is available for the Canadian portion of projects identified by Turk Eximbank, subject to approval by EDC. Some of these projects will be in neighbouring Eastern European and Central Asian markets, where Canadian companies have had difficulty doing business and arranging financing. In these

cases, it is necessary for Canadian firms to have Turkish partners that are also involved in the transaction.

"This new approach provides Canadian exporters with greater access to higher-risk markets," says Michael McLean, EDC Vice-President, International Markets. "By working with Turkish companies that know and understand the cultural, linguistic and business practices of the region, Canadian firms will strengthen their competitive position."

EDC will work closely with Turk Eximbank as well as with the Canadian Embassy in Ankara, Turkey's capital, to help identify potential projects and trade opportunities in Turkey or neighbouring markets and to assist Canadian companies. Exporters can contact EDC, the Canadian Embassy in Turkey or the Turk Eximbank regarding potential business opportunities.



Reflecting back,

EDC President and CEO Paul Labbé discusses Canada's export performance and EDC's level of support in 1996, as well as the outlook for 1997 and beyond.

EDC TODAY:

How would you describe Canada's export performance in 1996?

LABBÉ:

Last year marked another period of strong performance by Canada's exporters, with foreign sales growing a healthy seven percent to reach \$267 billion. This is a significant achievement, coming as it does after several years of rapid export growth on a rapidly expanding base. Canadians have once again proven themselves highly capable global traders, keeping their costs competitive and demonstrating the flexibility to break into new markets. As a direct result of exporters' entrepreneurial spirit and effort, exports now account for a record 39 percent of Canada's GDP: a higher percentage than any other G-7 nation.

EDC TODAY:

For years, EDC's support for exporters has grown alongside Canada's exports. Did this trend continue in 1996?

LABBÉ:

It most certainly did. The Corporation met or exceeded all of its performance targets in 1996 while serving a record 2,965 customers – approximately 85 percent of which were small- and medium-sized enterprises (SMEs). Overall, EDC's business volume grew 28 percent to a record \$22 billion. The Corporation's productivity – measured by exports supported per dollar spent on administration – increased 21 percent to \$367. As well, the Corporation's Customer Satisfaction Index rose significantly from 8.5 to 8.8 out of 10. And net income increased from \$44 million to \$112 million.

This is good news for Canadians in general and exporters in particular. Exports have been the major driver of jobs and growth in Canada over the past five years.

During this time, the government has increased its equity investment in EDC by \$195 million or 24 percent, while the Corporation has in turn increased its support to exporters by more than \$71 billion or 156 percent.

In addition, EDC's ability to adequately provision for bad debts and at the same time to reinvest the profits generated by its activities back into the business has provided the Corporation with a capital base capable of supporting its future growth. Total shareholders' equity today stands at more than \$1.4 billion. That is a strong return on the government's investment – in terms of jobs, growth, exports supported and financial results.

EDC TODAY:

What are some of the key industry sectors that will continue to offer major opportunities for Canadian exporters?

LABBÉ:

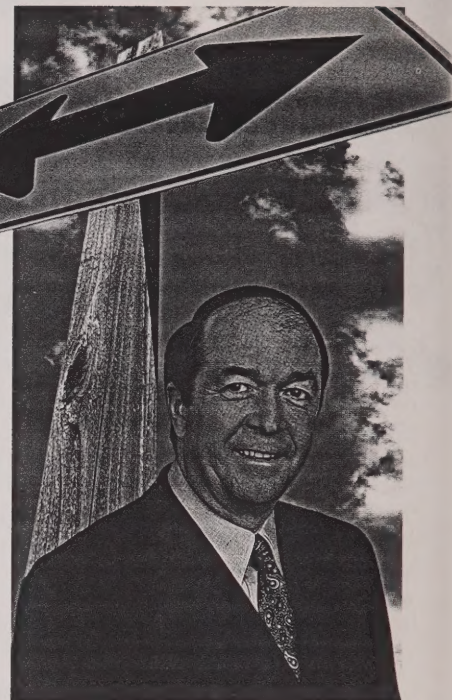
Canadian exporters in sectors such as transportation, telecommunications, energy, resource development, construction and engineering face almost unlimited world demand. These exporters have the expertise and experience to be highly competitive internationally. Their major constraint is not markets or productive capacity, but access to ever larger pools of capital that are necessary to finance the mega projects.

EDC TODAY:

Why is it difficult for exporters to gain access to these pools of capital?

LABBÉ:

Roughly two-thirds of growth in world imports over the next 25 years is expected to come from developing nations. Like governments almost everywhere, those in emerging markets are either unwilling or



unable to assume additional debt. Through trade liberalization and privatization, they are increasingly looking to the private sector to provide infrastructure solutions, without sovereign backing.

Indigenous corporations, often start-up ventures themselves, lack investment-grade credit ratings and either cannot access capital markets on their own, or cannot do so on acceptable terms. They in turn are looking to suppliers to provide funding – both equity and debt.

Financing has consequently become a critical factor alongside quality and price in determining the supplier of choice. In this highly competitive market, exporters unable to provide a financing package and participate in project sponsorship and management are increasingly viewed as non-starters. Canadian exporters, no matter what their size, are often at a disadvantage in this respect compared to enormous competitors from the United States, Europe and Japan.

looking forward

EDC TODAY:

What is EDC doing to support Canadian exports to higher-risk markets?

LABBÉ:

Responding to a strong demand for exports to higher-risk emerging markets, EDC supported more than \$5 billion in exports to higher-risk markets in 1996, an increase of almost \$1 billion over the previous year. The Corporation also reduced restrictions on insurance coverage in 33 higher-risk markets. This illustrates the vital role EDC is playing in helping Canadian exporters crack these high-potential markets.

LABBÉ:

SMEs are a growing priority for EDC, which not only has a dedicated customer team, but a special division devoted to meeting their needs. SMEs are the principal job-creation engine of the Canadian economy, and assisting them to export is essential to sustaining their growth. EDC directly supported more than 2,500 SMEs in 1996, 23 percent more than in the previous year. Of those 2,500 SMEs, more than 1,600 were emerging exporters with annual export sales of less than \$1 million. In 1997, we are targeting an increase of 15 to 20 percent in the number of SMEs we support.

Responding to a strong demand for exports to higher-risk emerging markets, EDC supported more than \$5 billion in exports to higher-risk markets in 1996, an increase of almost 25 percent over the previous year.

Coupled with this geographic diversification has been a shift from sovereign to commercial risk. Almost all of the Corporation's new lending is to commercial or quasi-commercial entities, often on a limited recourse basis. This means that rather than relying on government guarantees as in the past, EDC is extending financing based on the future cash flows of the projects themselves. This is considerably more complex and risky than the Corporation's traditional sovereign lending, and is another reason why EDC's continued balance sheet strength is critical to supporting Canadian exporters in the future. Through a special project-finance team, EDC concluded 12 limited-recourse transactions in 1996 valued at \$685 million.

EDC TODAY:

What special efforts has EDC made to increase its support for smaller exporters?

EDC TODAY:

Is EDC continuing to partner with other financial institutions to strengthen support for SMEs?

LABBÉ:

Most definitely. One of EDC's new products and services specifically designed for SMEs is the Master Accounts Receivable Guarantee (MARG) Program. MARG was launched in co-operation with Canadian financial institutions to give smaller exporters access to increased lines of credit. Through MARG, smaller exporters can leverage their foreign accounts receivable as bank security. (See article, page 9.) MARG has proven to be an attractive product for smaller exporters and banks. In its first year, MARG provided 70 smaller exporters with more than \$11 million in working capital financing.

EDC continues to work closely with Northstar Trade Finance Inc., which

specializes in financing smaller-scale export sales with credit risks covered by EDC insurance. The Corporation also partnered late last year with CIBC to introduce the Grow Export program. This 50/50 shared-risk initiative targets knowledge-based businesses with annual sales of less than \$25 million. For 1997, we are looking to strengthen our partnerships with banks and other financial institutions, to increase our support for exporters of all sizes.

EDC TODAY:

What sort of a year will 1997 be for EDC in terms of performance?

LABBÉ:

This year will be similar to 1996, in that our volumes and customer base are expected to continue to increase. We foresee our volumes growing by 25 percent over 1996, to \$27.5 billion, and our customer base growing to 3,600 customers. In short, we will provide greater support for Canadian exporters and their buyers.

However, 1997 will also prove challenging as we strive to mobilize the equity and capital pools for major export projects. As well, as new market sectors open up, and as the nature of international business continues to change from sovereign to commercial, EDC will have an increasingly important and aggressive role to play in helping Canadian companies reap export opportunities.

Fostering the global expansion of Canadian enterprises may well require new ways for EDC to do business, including innovative strategic alliances, as well as new partnerships. EDC must continue to invest in technology and will need to give priority to having specialized resources required to meet the more complex needs of our customers.

Whatever the direction, EDC will continue to meet the changing needs of global markets and Canadian exporters with vigour, while delivering the highest possible value to its shareholder – the Canadian public.

EDC undertakes extended market visits

To develop new Canadian export and investment opportunities, EDC will be undertaking extended market visits to China, Brazil and India for the balance of 1997.

All three markets offer immense opportunity for Canadian companies, and for this reason they are viewed as priority markets for EDC as well.

Each six- to eight-week trip will have three basic objectives: to support and facilitate current transactions; to probe and help resolve issues impacting future business; and to develop and nurture relationships with key players in the market that could lead to future growth.

Marvin Hough, EDC Regional Manager for China, was in China

from mid-March to the end of April. Fred Spoke, Regional Manager, Americas, will visit Brazil May through June. And in September through October, EDC Regional Manager, South Asia, Anis Karim, will visit India.

While EDC employees regularly travel to foreign markets to meet with key players in both the commercial and government arenas, these longer trips are unique.

"Visits of this nature underline the importance that both Canada and EDC place on the trade relationship between our countries," notes Hough. "Although we have well-established relationships in these markets at all levels, an extended visit affords us the chance

to pursue in greater depth opportunities for our customers."

"We feel that trips of this nature help us to build momentum in each targeted market," says Karim.

"By being on-site for an extended period of time, we're able to resolve outstanding issues with the players face-to-face," adds Spoke.

Companies interested in knowing more about how these visits can assist them in their export endeavours are invited to call their usual EDC contact or the closest EDC regional office.

Jayne Watson

Board members appointed

Robert J. Holt was recently appointed to EDC's board of directors. Mr. Holt joined Sun-Rype Products Ltd. as general manager in 1986, was named CEO in 1990 and was appointed to the company's board of directors in 1994 as president and CEO.

Before joining Sun-Rype, Mr. Holt's career was spent in the wine industry. During the period 1979 to 1986, he was the owner/operator of Similkameen Vineyards in Cawston, B.C. From 1975 until 1979, Mr. Holt was vice president and general manager of Ste. Michelle Wines in Victoria and Surrey, B.C.

Prior to moving to British Columbia, Mr. Holt was the director of production and national assistant to the president of Jordan Wines in St. Catharines, Ontario, from 1973 to 1975. He served as assistant production manager of Brights Wines from 1968 to 1971. Mr. Holt holds a B.Sc. in chemical engineering from Queen's University and an MBA from McMaster University.

James A. Judd was also recently appointed to EDC's board of directors. Mr. Judd joined the public service in 1973, holding various positions with the Department of Foreign Affairs and International Trade (DFAIT) both in Ottawa and abroad.

In 1991, he was appointed Chief of Staff to the President of the Privy Council and Minister responsible for Constitutional Affairs. In 1992, Mr. Judd was appointed Assistant Secretary to Cabinet for Foreign and Defence Policy. In 1994, he was on special assignment in the Deputy Minister's office at DFAIT and, a year later, was appointed Assistant Deputy Minister, Corporate Services in that department.

In November 1996, Mr. Judd was appointed G-7 Deputy and Assistant Deputy Minister of the International Trade and Finance Branch at the Department of Finance.

Marcel Dutil, C.M. (Member of the Order of Canada), has also been appointed to EDC's board of directors. Mr. Dutil is Chairman of the Board, President and CEO of The Canam Manac Group Inc., which produces construction steel components in Canada, the United States, France and Mexico. The Canam Manac Group also fabricates semi-trailers.

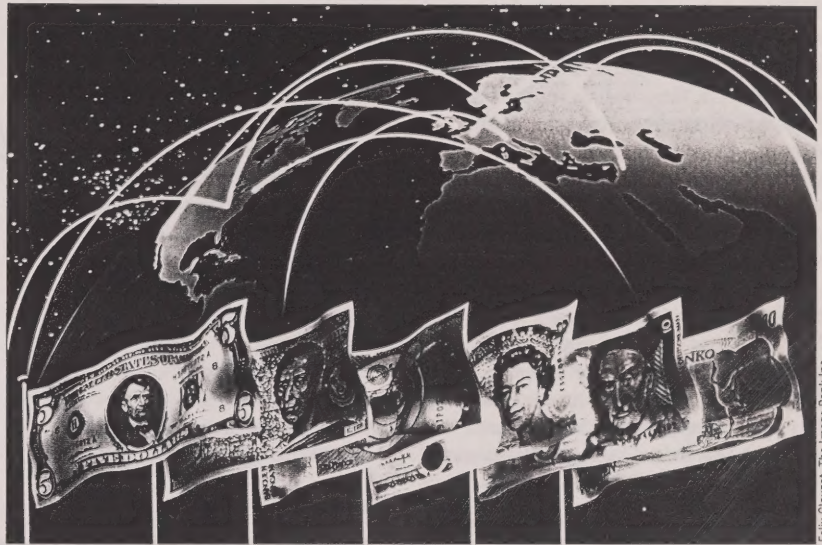
Mr. Dutil is a director of a number of other Canadian corporations, including The National Bank of Canada, The Jean Coutu Group (PJC) Inc. and Québec-Téléphone.

Exposure fees to be harmonized for OECD export credit agencies

In May 1997, a new package of guiding principles for setting fees charged by export credit agencies will likely be approved by OECD ministers.

Most EDC customers are familiar with the Consensus. Officially known as the OECD Arrangement on Guidelines for Officially Supported Export Credits, the Consensus sets out the rules for medium- and long-term export credit support provided by 23 OECD countries, including Canada. The rules were established in 1976 to limit trade distortion caused by government subsidies channeled through export credits.

As Canada's official export credit agency, EDC actively participates in discussions about the most appropriate formulation and application of these rules. These discussions are frequent and usually quite involved, largely because of the need to address differences in each country's approach to export credit support.



Felix Clouzet, The Image Bank Inc.

Lack of flexibility in the rules can limit the competitive advantage that a creative, financially sound, expert risk manager such as EDC can offer its customers.

Consider, for example, the difference between a financially self-sustaining EDC and most other export credit agencies that rely on annual budgetary allocations from their governments to finance operations. While EDC pushes for maximum flexibility in the rules to allow commercially sound underwriting practices, other agencies require specifically stated maximum/minimum restrictions to guide them.

In a fiercely competitive global marketplace, such maxima/minima quickly become normal terms of support, regardless of what makes commercial sense for the exporter, the buyer or the export credit agency itself. Lack of flexibility in the rules can limit the

competitive advantage that a creative, financially sound, expert risk manager such as EDC can offer its customers.

Recent developments

Over the past two years, the OECD Consensus has been negotiating a package of "guiding principles" for setting fees charged by export credit agencies to cover country credit risk. The exercise has highlighted the inherent difficulty in applying a "one-size-fits-all" solution to a group whose members have many operational and product differences. Based on uniform country risk classifications, the working group has developed a set of benchmarks which establishes a minimum floor for all fees charged for export credit support.

The use of these rigid benchmarks, which are based on average fees charged by the entire OECD group, is contrary to EDC's preference for a flexible reference system that would allow the Corporation to price for risk. The benchmarks are designed for traditional sovereign business, but are too rigid for the commercial business that dominates EDC's portfolio. Without flexibility, the benchmarks might also limit EDC from being able to fully pass on the benefits of its financial strength and risk management expertise in the form of lower fees to benefit Canadian exporters.

EDC is continuously pushing these issues and is still confident that a satisfactory compromise will be reached. Negotiations are ongoing and could be completed in time for the OECD Ministerial Meeting in May 1997. However, implementation of the new premia system will not be before 1998.

Future issues of EDC TODAY will provide further details.

Bonita Williams

CanadExport: Exporters' gateway to international markets

CanadExport, the trade newsletter of the Department of Foreign Affairs and International Trade (DFAIT), is distributed to some 40,000 Canadian subscribers, particularly small- and medium-sized businesses. Through *CanadExport*, these businesses are kept informed of new trade and investment opportunities, programs and services for Canadian exporters, upcoming events such as trade fairs and missions, trade-related publications, and export successes and winning strategies.

CanadExport plays an important role in the federal government's Jobs Strategy, by providing Canadian businesses with valuable information to help them succeed in foreign markets. Key to the strategy is encouraging and supporting Canadian companies to export their goods and services.

Although Canada is one of the world's leading trading nations, only about 100 companies account for one-half of its total exports. Considering that every \$1 billion in exports creates or sustains 11,000 Canadian jobs, it is clear that the more Canada exports, the more its economy will grow and prosper.

CanadExport regularly features special supplements on various countries and regions, providing an in-depth analysis of the opportunities available in these markets and advice on how to do business there, as well as information on important trade policies, programs and initiatives.

CanadExport is published twice per month in print format. It can also be accessed as an on-line, daily updated publication; as an e-mail edition to

electronic subscribers; and as a Bulletin Board Service (BBS) edition through the DFAIT InfoCentre.

For more information and/or a free subscription, contact *CanadExport* at tel.: (613) 996-2225, fax (613) 992-5791 or e-mail: canad.export@extott23.x400.gc.ca



Upcoming events EDC will participate in

Event	Date		Location
	Start	End	
Canadian Advanced Tech. A. (CATA)	June 3	June 4	Montreal
Maritime Lumber Bureau Convention	June 4	June 6	Charlottetown
Comdex	June 9	June 11	Toronto
Paris Air Show	June 15	June 22	Paris, France
NPE	June 16	June 20	Chicago
Calgary Oil & Gas (Intercon)	June 17	June 19	Calgary
Western Canada Farm Progress Show	June 18	June 21	Regina
Airshow Canada	August 6	August 10	Abbotsford, B.C.
National Hardware Show (Chicago)	August 10	August 13	Chicago

Revving up sales to the automotive industry

Firms scrapping it out as suppliers to the demanding world of automobile manufacture often need fast and flexible financing solutions that suit the industry, their customers and relationships with their financial institutions. EDC frequently offers the extra weight these suppliers need to win.



“We’ve worked hard to acquire industry knowledge within Canada’s largest manufacturing export sector that helps

us design financing programs to benefit automobile manufacture suppliers,” explains Shawn Cusick, Financial Services Manager, EDC’s Automotive Unit.”

“These suppliers include Tier 1 firms which supply parts and equipment directly to original equipment manufacturers (OEMs) such as General Motors, Ford and Chrysler, and Tier 2 tooling companies that sell to the Tier 1 suppliers.”

In co-operation with the Tier 1 companies and the Canadian banks, EDC has developed financing structures that provide progress payments to machinery and equipment suppliers.

Prodmax Industrial Automation International Ltd. is one such capital equipment firm that has tapped into EDC’s progress payments program. Based in Barrie, Ontario, Prodmax turns out a range of customer products, including automated assembly systems and robot-operated welding systems.

Recently, Prodmax had an opportunity to design and build an automated assembly system that assembles electronic crash sensors for a parts-supplying subsidiary of an OEM – but needed working capital to get started.

Standard payment terms when dealing with an OEM-owned parts supplier is 90 percent on delivery and 10 percent 30 days following delivery.

Prodmax Controller Doug Dinniwell says, “We approached EDC last fall as we were looking to attract contract-specific financing. We had to move quickly, because of our tight delivery time.”

Prodmax qualified for the export program, and EDC responded

immediately, says Dinniwell. He adds that EDC people were also flexible in the way the progress payments were administered.

“They worked with us to tailor the financing to suit the agreement with our customer,” says Dinniwell. “We really notice it in the daily administration of the loan.”

Orchid Automation Group is another customer that has benefited from EDC’s services – in this case, a Performance Security Guarantee. The Cambridge, Ontario-based company has been manufacturing press automation equipment, such as quick die change and part transfer systems, since 1988.

Last year, Orchid negotiated a US\$6.2 million contract with

Umformtechnik Erfurt GH of Germany, to supply blank loaders, die carriers and associated equipment, to modernize a press room in Volkswagen’s Mexico plant.

Orchid Controller Lynn Woeller says, “I contacted EDC because the German company required a bank guarantee for the amount of the down payment, which was US\$1.2 million. EDC issued a guarantee to our bank, and our bank issued a guarantee to Erfurt.

“EDC people were great – they made the process extremely easy,” she adds. “In business we always want immediate results. Our first transaction went relatively easily, considering EDC had to do a lot of background work. Our second transaction is moving even faster.”

Brenda Stewart

Claims paid

January 1, 1996 – December 31, 1996 and
January 1, 1997 – March 31, 1997

	Companies	Claims	Cdn total
Jan. 1-Dec. 31/96	390	935	\$59,570,521
Jan. 1-Mar. 31/97	153	298	\$11,246,268
Export markets	Jan. 1-Dec. 31/96	Jan. 1-Mar. 31/97	
Africa and Middle East	5	1	
Asia & Pacific	23	5	
Europe	110	38	
South America	30	5	
U.S.A. and Caribbean	767	249	
Risks			
Default	619	207	
Insolvency	254	81	
Call of bond	4	2	
Repudiation	10	8	
Political and transfer	47	0	
Termination of contract	1	0	
Payments			
Under \$5,000	421	155	
Between \$5,001 and \$100,000	420	122	
Between \$100,001 and \$1 million	81	20	
Over \$1 million	13	1	

Young Entrepreneur Export Achievement Award

Small Business Week is held each year during the last full week of October (this year, October 19-25), to recognize the importance of small business to the Canadian economy and to celebrate their successes. Since 1988, the Business Development Bank of Canada (BDC) has recognized the achievements of young entrepreneurs during Small Business Week, with the Young Entrepreneur Awards.

The award is given to entrepreneurs of 29 years of age or under to underscore the importance of young business owners

to Canada's current and future prosperity. This year, EDC is proud to sponsor a new award, to be given to one of the 12 national Young Entrepreneur Award winners, for achievements in exporting.

Entrepreneurs 29 years of age or under are invited to apply for the awards by June 25, 1997. Eligibility criteria are included in the application form, available on both EDC's (www.edc.ca) and BDC's (www.bdc.ca) Web sites, at EDC and BDC offices across the country, or by calling this toll-free number: 1-888-INFO-BDC.

Export Wise

1997 Canada Export Awards: Applications invited

Each year, 10 to 12 Canada Export Awards for overall export achievement are presented to Canadian exporters. This year, for the first time, the program's three corporate sponsors – Canadian Imperial Bank of Commerce, EDC and Stentor (from the alliance of Canada's only full-service telecommunications companies) – will each present special awards in the areas of job creation, small- and medium-sized exporters, and the use and upgrading of technology by a business.

Since the program's inception in 1983, 190 Canadian exporters, selected from more than 3,000 applications, have received the prestigious Canada Export Award.

The Honourable Art Eggleton, Minister for International Trade, will be presenting this year's awards on October 6, at a special ceremony in Quebec City. The ceremony will take place in conjunction with the second annual meeting of the Alliance of Manufacturers and Exporters Canada.

"Now, more than ever, exports are vital to Canada's economic growth, and to job creation for Canadians," says Eggleton. "The Canada Export Award is one of the highest honours exporters can receive. It recognizes the tremendous contribution Canadian companies are making at home and abroad.

"This award also sends a message to new exporters, about the opportunities for prosperity and jobs," he adds. "I strongly encourage exporters from all parts of the country to apply this year for this important award."

For more information on the Canada Export Awards, contact:

Beverly Hexter
Canada Export Award Program
Department of Foreign Affairs
and International Trade
Tel.: (613) 996-2274
Fax: (613) 996-8688

MARG benefits smaller exporters

Through a co-operative working relationship between EDC and Canadian financial institutions, EDC's Master Accounts Receivable Guarantee (MARG) Program helps smaller exporters by standing behind lines of credit advanced against the security of foreign accounts receivable.

Smaller exporters from British Columbia to Prince Edward Island have obtained MARG operating lines from the participating financial institutions. To date, the MARG operating lines in place have a total volume of \$12.7 million, with an average line of approximately \$156,000. All of Canada's major chartered banks, as well as the Alberta Treasury Branches and Caisse Centrale Desjardins, are MARG partners with EDC.

All industry sectors – everything from exporters of advertising services to wooden kitchen cabinets – have benefited from the MARG Program. For smaller exporters that do not need the risk protection provided by credit insurance, MARG is designed to maximize the financing available from foreign accounts receivable.

Awareness of MARG is increasing through EDC's direct mail campaigns to smaller exporters. The Corporation therefore expected there to be between 80 and 90 smaller exporters (with Banque Nationale's customers accounting for more than 25 percent) using the program by the end of the first quarter of 1997. For more information on EDC's products and services for smaller exporters, contact EDC at 1-800-850-9626 or speak to your local bank.

Hal Miller

Director, Emerging Exporters Team

EDC and Scotiabank pave way for SME's success in Lebanon

When Montreal-based Trichamar Inc. approached Scotiabank in November 1996 in search of financing support for its potential contract in Lebanon, Scotiabank had the solution – The Smaller Exporters' Guarantee Framework.

A little-known program introduced by EDC more than a year ago, The Smaller Exporters' Guarantee Framework is a risk-sharing arrangement whereby EDC guarantees up to 75 percent of the loans made by Canadian banks to foreign governments and foreign banks. By limiting the banks' exposure, the program provides incentive to banks to make loans in higher-risk markets. These loans finance foreign buyers' purchases of Canadian goods and services.

To qualify for support under The Smaller Exporters' Guarantee Framework, Canadian companies must have less than \$10 million in annual export sales and must meet EDC's Canadian content requirements.

"This was the first time the program has been used," says Pierre D'Avignon, Assistant General Manager, Quebec International Trade Services, Scotiabank. "The program proved successful in

encouraging the banks to get involved."

Trichamar, a trading company, is an agent for a number of Canadian companies doing business in the Middle East. By having access to EDC's risk-sharing framework, Trichamar was successful in winning a \$1.5 million contract with Nour Co. Ltd. of Lebanon. Under the contract, Trichamar will provide a portable asphalt plant, supplied by Penney Paving Ltd. of Newfoundland, and an emulsion plant supplied by Bitumar Inc. of Montreal.

"We are the first to use EDC's Smaller Exporters' Guarantee Framework," says Charles El-Mir, General Manager of Trichamar, who was able to offer his buyer a more attractive financial package spread out over three years. "Now that we know how to make this program work for us, we will use it again."

"We have left our competitors behind, as they were able to offer only 180 days' financing," he adds.

Under the terms of financing for the Trichamar transaction, Scotiabank agreed to refinance a sight letter of credit issued by Transorient Bank of Beirut for a term of three years. EDC issued a guarantee to cover 75 percent of Scotiabank's exposure to Transorient Bank.

"Because the banks have already agreed to the terms and format of the guarantee, the turnaround time was fast," says Linda Graupner, Team Leader for EDC's SME Financial Services Team. "Now that we have the first deal under our belt and all went well, we expect to see more companies tapping into the guarantee framework."

"This program is one of several risk-sharing arrangements with Canadian banks that EDC has launched to leverage greater support for small- and medium-sized enterprises (SMEs)," she adds. "Moreover, it represents only one of many forms of financing support we've made available for SMEs."

For more information on The Smaller Exporters' Guarantee Framework and other financing products available to support Canadian SMEs, please contact the EDC regional office nearest you. (See listing on inside back cover of this magazine.)

David Rowsell, Financial Services Manager, SME Financial Services Team

Photo Features Ltd.



Shown in photo, from left: Quoc Dinh Duong, Vice-President of Operations, Bitumar; Pierre D'Avignon, Assistant General Manager, Scotiabank; Charles El-Mir, General Manager of Trichamar; and Jacques Lacasse, Business Development Manager, EDC's Montreal Office.

Asia Pacific: Promising opportunities amidst the challenges

Canadian companies are using realism, patience and caution as keys to unlocking the huge potential of the Asia Pacific region. EDC's financial support is also playing a pivotal role.

Preparation and long-term commitment are helping Canadian exporters and investors overcome a variety of economic risks and cultural challenges, to seize significant opportunities in the Asia Pacific region. Canadian exports to Asia Pacific exceeded \$11 billion in 1996.

A recent study conducted by the Asia Pacific Foundation of Canada says that while the progress achieved by Canadian exporters selling to this region is considerable, there is room for growth. The combined purchasing power of Asia far surpasses that of the United States, Canada's primary export market.

Nevertheless, the task is infinitely more complex than simply matching Canadian expertise with the opportunities offered by Asia Pacific's evolving economies and large populations.

While deregulation, decentralization and privatization in Asia Pacific markets have unleashed opportunities, they have also added a considerable degree of risk for Canadian exporters attempting to penetrate these markets.

EDC's Vice-President, Asia, Africa and Middle East, June Domokos, says, "Successful exporters have found that key representatives from the Asian community in Canada, carefully selected local

partners, a long-term commitment and a willingness to adapt to local business customs and practices are key success factors."

Among the countries that present both opportunities and challenges are China, Indonesia and The Philippines (see articles, pages 16 to 19), as well as Thailand, Malaysia and South Korea.

Together, Thailand, Malaysia and South Korea offer a market of 165 million consumers and account for more than \$3.6 billion annually in Canadian exports.

stable political system and long-term commitment to economic strategies. Malaysia also has higher education levels and more natural resources than its neighbors. Good potential exists in the government's encouragement of the private sector, its increasing imports and continuing growth.

In South Korea, information technology and telecommunications are two significant sources of opportunity.

In addition, EDC staff have been looking at new types of financing structures, because in the evolving economies, guarantees by government-owned banks are sometimes not feasible. Creative solutions such as loan syndicates with other agencies, development and commercial banks are helping to spread the risk.

Since investment is often key to gaining a foothold in the Asia Pacific market, EDC's Foreign Investment Insurance is becoming increasingly

OPPORTUNITIES



CHALLENGES

The needs of these three countries match Canadian expertise in such areas as telecommunications and information technologies, transportation, financial services, environmental protection, energy and natural resources, agri-food, construction, education and cultural industries.

Thailand has a population of 57 million people, and government initiatives are creating good openings for Canadian firms. The Thai government is focused on education and work force training, to ensure it has the capacity to meet the demands of the new high-technology, value-added industries for future economic growth. The Thai government is also focused on improving the quality of life and reducing pollution – as well as diversifying trade and improving urban transportation and telecommunications.

Malaysia is a considerably smaller market with its population of 19 million, but it boasts a strong economic base,

In the next five years, these sectors are expected to exceed \$50 billion in imports.

It's worth noting that the country is undertaking huge investments in infrastructure and is seeking sources for sophisticated equipment and technology to improve its competitive position in the global marketplace.

While these three countries hold significant promise for Canadian exporters, there are noticeable rough spots. Currently, Thailand is grappling with slowed economic growth, high interest rates, a weakened currency and a huge trade deficit. In South Korea, the government has been immersed in a corruption scandal surrounding the country's failed Hanbo Steel and General Construction Co.

"To support exporters, EDC is becoming involved much earlier in the game to help with long-range planning, investment opportunities and market intelligence," says Domokos.

popular to protect against transfer, expropriation and political violence.

In order to provide short- and medium-term insurance, EDC has increased its ability to assess project and company risks and has successfully spread the risk using re-insurance and parallel insuring.

According to Keith Milloy, EDC's Chief Underwriter, Short Term Insurance, the Corporation expects that requests for insurance coverage for the Asia Pacific region will increase further as the buyers demand – and international competition is prepared to offer – more liberal payment terms.

"Our big challenge, as the move from cash and irrevocable letters of credit accelerates in the Asia Pacific region, will be to establish the creditworthiness of buyers," says Milloy. "We continue to actively seek out sources of credit and financial information in this region."

Brenda Stewart

Birds of a feather

Active participation in the Asia Pacific Economic Cooperation (APEC) can help Canadian companies access the flourishing Asia Pacific marketplace.

Question: What is the common denominator shared by the 18 member economies of APEC (Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, The Philippines, Singapore, Chinese Taipei, Thailand and the United States)?

Answer: They all have at least part of their territory bordering on the Pacific Ocean.

APEC was created in 1989 to help promote trade, investment and economic and technical co-operation among the member countries. Since 1993, leaders of the APEC economies have met annually to develop action plans to help free and open up trade and investment in the region by firm target dates – 2010 for developed members and 2020 for developing partners.

This year, Canada will be host for the annual series of events and meetings, including participation from business and government leaders among APEC members.

In 1995, five of the top 10 Canadian export markets were in the Asia Pacific region, and Canadian exports to many of the APEC member economies have seen dramatic growth. For example, Canadian exports to Japan increased by 24 percent from 1994 to 1995, and collectively to Singapore, Malaysia, Thailand and Indonesia by 47 percent. Taken together, APEC economies represented more than 50 percent of global output in 1995.

The Asia Pacific region is home to the world's fastest-growing middle class. Enhanced trade and investment will play an essential role in making sure that people in the region have access to more products and services, better housing and education, and wider travel and recreation opportunities. The bottom line is that active participation in APEC is an important way of opening more doors for Canadian business.

APEC events planned

During the course of the year, more than 100 APEC ministers with a wide range of

responsibilities will participate in meetings in different parts of Canada in preparation for the APEC Leaders' Meeting to be held this November in Vancouver. Business delegations from APEC countries will also be a critical part of the many events, including the following:

• APEC and the Environment: Ensuring Sustainable Growth.

This session will be led by Canadian Environment Minister Sergio Marchi and will take place in Toronto June 9-11. The focus will be on reconciling economic growth and concern for sustainable development. The session will also feature environment-related companies and local authorities from the APEC region discussing partnership opportunities within an urban environmental infrastructure.

• **APEC and Transportation: Better Systems, Better Business.** Led by Canadian Transportation Minister David Anderson, this session will seek agreement in ways to improve the capacity and efficiency of transportation systems. Special emphasis will be placed on the best ways to plan, operate and pay for new infrastructure requirements in Asia Pacific. The session will take place in Victoria June 22-24.

• **APEC and Energy: Power Projects for Growth.** Energy Minister Anne McLellan will host meetings in Edmonton August 26-27 to discuss issues including new ways to finance power projects in the APEC region. The impact of rapid economic growth on energy supplies will also be examined.

Upcoming Canada Year of Asia Pacific (CYAP) events

(those that EDC will participate in)

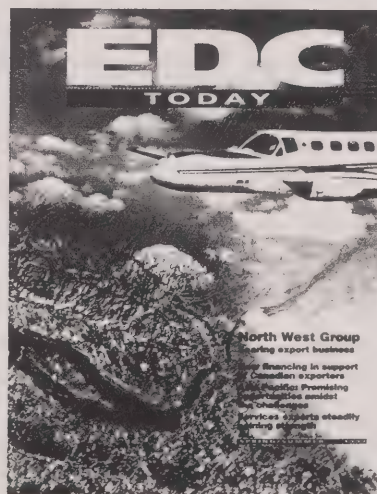
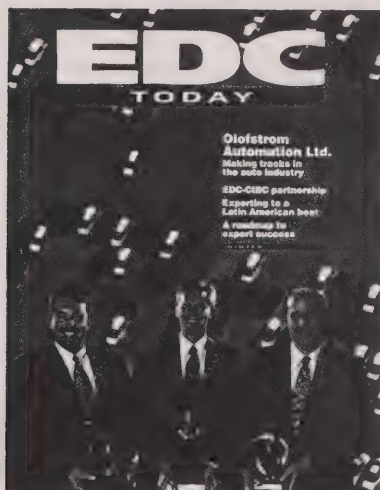
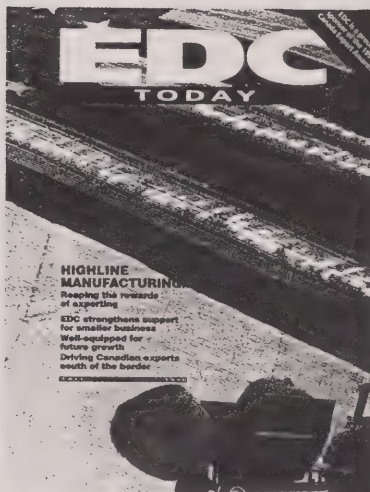
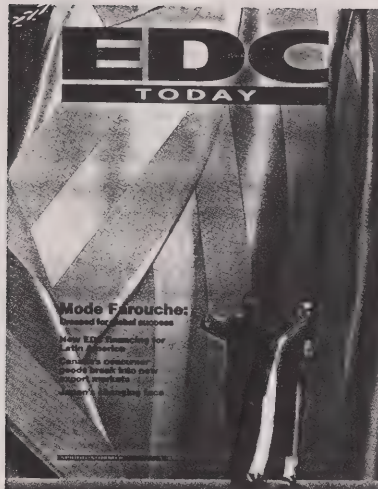
Date	Event	Location
June 9-11	APEC Environmental/Sustainable Development Ministerial Meeting	Toronto
June 22-24	APEC Transport Ministerial Meeting	Victoria
Aug. 26-27	APEC Energy Ministerial Meeting	Edmonton
Sept. 17-18	APEC SME Forum and Exposition	Ottawa
Sept. 18-19	APEC SME Ministerial Meeting	Ottawa
Oct. 5-7	Alliance of Manufacturers and Exporters of Canada — Export Awards	Quebec City
Nov. 22-23	APEC Foreign and Trade Ministers' Meeting	Vancouver
Nov. 22-23	ABAC (APEC Business Advisory Council) Business Leaders' Dialogue	Vancouver
Nov. 24-25	APEC Economic Leaders' Meeting	Vancouver



CANADA'S YEAR
OF ASIA PACIFIC
1997 L'ANNÉE
CANADIENNE DE
L'ASIE-PACIFIQUE

EDC

TODAY



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On the road again

In early January of this year, a Canadian delegation of more than 400 people took to the skies on a Team Canada trade mission to Thailand, The Philippines and South Korea.

- **APEC and Small- and Medium-Sized Enterprises (SMEs): The Engine of Growth.** Led by Industry Minister John Manley, this two-day session running September 18-19 in Ottawa will focus on practical ways to help SMEs grow and prosper in the APEC region. Specific areas to be covered include market access, technology, and access to capital and human resources development needs.

The federal government has also designated 1997 as Canada's Year of Asia Pacific (CYAP). CYAP will include a wide range of cultural and business initiatives designed to showcase Canada's strengths and provide venues for developing partnerships in both business and political arenas.

The CYAP logo says much about Canada's hopes for future dealings with Asia. The crane – a symbol of peace and longevity associated with Asia – takes flight on wings suggestive of Canada's national symbol, the maple leaf, over the blue waves of the Pacific ocean.

A full calendar of cultural and other events is planned for cities and towns across Canada to mark CYAP. Some of the events are highlighted in the chart on page 14. Details of these events can be accessed via the Department of Foreign Affairs and International Trade. Contact Gillian Lapointe at:
Tel.: (613) 992-9292
Fax: (613) 943-8167 or
Web site: <http://www.dfait-maeci.gc.ca/cyap-acap>

Jayne Watson

The mission included the prime minister, other federal ministers, provincial premiers and territorial leaders, as well as more than 400 business people, heads of educational institutions and municipalities, and young entrepreneurs.

The Team Canada 1997 trade mission also kicked off Canada's Year of Asia Pacific (CYAP), which is aimed at strengthening Canada's strong ties with the Asia Pacific region.

Building upon the success of previous Team Canada missions, this trip saw more than \$2 billion worth of contracts and memorandums of understanding/agreement signed.

The countries visited have some of the most dynamic economies in the Asia Pacific region, and companies that have secured a foothold during this mission hope that it will lead to many more opportunities for themselves and their Asian partners.

Learning the unique nature of Asian business culture is one of the prime motivations for taking part in such trade missions. Companies learn to develop relationships with prospective Asian buyers which are nurtured over time.

Don Curtis, EDC Vice-President for Market Management, was a member of the team. "It was a great experience both from a personal and professional perspective," he says.

"To see so many Canadians, representing a wide range of both small and large exporters, as well as representatives from the educational and cultural fields, enthusiastic about doing business and forging alignments with Asian counterparts was very exciting,"

Curtis explains. "The number and nature of the contacts made and the deals advanced or concluded demonstrate that the broad Canadian interest in this region continues to grow."

"EDC is very bullish on many of the markets in Asia Pacific," he adds.

"We are pleased to be able to offer our

customers the financial tools they often require to close the sale."

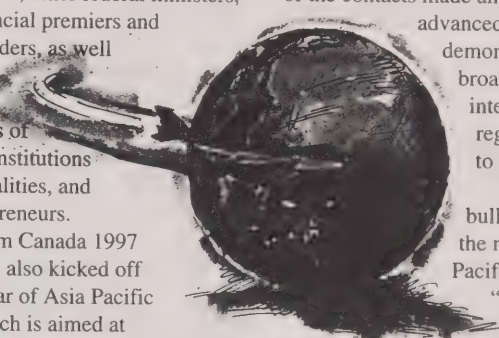
The past two Team Canada missions – one to China in 1994 and the other to India, Pakistan, Indonesia and Malaysia in 1995 – resulted in more than 250 transactions, worth more than \$17 billion.

Many of the participants noted that having the prime minister and other first ministers in attendance on the mission provided a stamp of approval to foreign buyers.

"The trade mission shows the commitment of the Canadian government to these companies," says one participant, Albert Van Genderen, President of Southern Alberta Cubers Inc. "I can't think of a better way in which your country can show its support for trade and the private sector."

The mission to Asia Pacific was particularly timely given CYAP and the fact that Canada will also play host this year to a series of meetings of the member countries of the Asia Pacific Economic Cooperation (APEC), culminating in the meeting of the heads of APEC nations to be held in Vancouver in November.

Jayne Watson



Exporting to China: Selling at the speed of change

Canadian exporters and investors that successfully tackle both the challenges and the opportunities that China has to offer have learned to carefully balance on the edge of continual change, using knowledge and long-term commitment as the balancing pole. EDC is a vital partner for many of these companies.

China is the world's sixth-largest economy – and Canada's fifth-largest trading partner. In 1996, two-way trade between Canada and China stood at \$7.6 billion. Over the past five years, Canadian exports to China have increased by 35 percent. The governments of Canada and China have set an objective of two-way trade to reach \$20 billion by 2000.

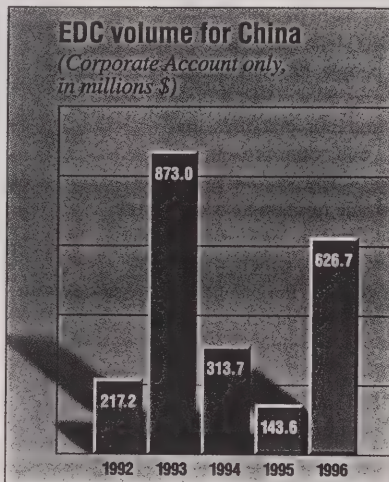
Key industry sectors offering Canadian companies export opportunities in this market are telecommunications, power, industrial machinery, environmental and agriculture (wheat and cereals).

An economy in transition

Opportunities aside, doing business in China can be difficult, costly and unpredictable. The country's economy is in transition, largely steered by a one-party government with considerable discretionary power. But the growth of provincial economies is increasingly leading to reduced central government control, overlapping jurisdictions and tensions between different levels of government.

China's transition to a market economy has created social instability and a large migrant worker population. As well, the direction and pace of economic reform are not assured, particularly with the death of the country's leader, Deng Xiaoping, in February. The return of Hong Kong territory to Chinese sovereignty on July 1, 1997 will also add some uncertainty to the equation.

For exporters, the difficulties lie in factors such as cultural differences, the lack of a court system to resolve business disputes or protect investors' rights, the challenge of obtaining reliable credit and financial information, and understanding procedures for accessing foreign exchange and procedures for foreign joint-venture investments.



World's best growth rate

Nevertheless, China has the best growth rate in the world and chalked up a GDP of 9.7 percent in 1996. Progress is being made on currency convertibility, and it has finally wrestled down its inflation numbers from 24 percent in 1993 to six percent in 1996.

According to EDC Economist Jocelyne Lussier, "Beijing has accomplished the impossible, by cooling inflation without creating a recession. The challenge will be to maintain the stability and avoid the boom and bust cycles of the past."

David Mulroney, Executive Director of the Canada-China Business Council, says, "China can be an excellent market for both large and small companies, but they have to do their homework."

Fortunately, getting information is easier than ever, he adds. "The Council is itself a good source of advice, as are governments at the federal, provincial and municipal levels, banks, legal and accounting firms, the Canadian Embassy

in Beijing and consulates in Toronto and Vancouver."

Market savvy

In an era of reduced central government control, Mulroney suggests that companies position themselves by focusing on individual provinces rather than the entire country.

EDC Regional Manager for China, Marvin Hough, says, "It is essential for Canadian companies to understand who has the power in the decentralization process and to take the time to develop relationships with new people. Multi-level lobbying is key to getting approvals."

Agents, advisors and joint-venture partners are vital to helping Canadians find the right formula in a convoluted and complicated system of banks and bureaucracy.

"In negotiations, the cultural differences between China and Canada are significant," says Hough. "Often, Canadians think they are getting somewhere, while the Chinese parties are only at square one."

As Canadian companies wind their way through the intricacies of exporting to a continually changing China, EDC staff are working to stay current with market intelligence and flexible to meet the changing needs of exporters. Furthermore, given the importance of the Chinese market, EDC is undertaking two extended market visits of six to eight weeks this year to support exporters and investors and to best position EDC for future business. (See article, page 6.)

Burgeoning demand for export credit insurance

For short-term insurance, EDC is open in China without restrictions and supported \$145 million in business

volume in 1996 – a 250 percent increase over 1994. EDC's export credit insurance supports a wide variety of goods and services exported to this market, including base minerals, forestry products and information technology.

"Our experience in China has been favourable, and we will support sovereign, quasi-sovereign and private buyers," says Keith Milloy, EDC's Chief Underwriter, Short Term Insurance.

Milloy notes that customers are moving toward offering buyers more open credit terms. He points out that the biggest challenge in supporting short-term credit sales to China is the lack of availability of good credit and financial information on buyers.

Performance bonding popular

In 1996, EDC provided 144 medium-term insurance policies and endorsements with an insured volume of \$83 million, in support of 26 Canadian exporters doing business in China. Historically, medium-term insurance support has been given to transactions financed by EDC or involving Irrevocable Letter of Credit terms.

"EDC's Performance Security Insurance and Performance Security Guarantees are the most popular forms of medium-term insurance support the Corporation provides exporters with," says EDC Financial Services Manager Tom Kowbel. "As well, Specific Transaction Insurance is available for transactions holding both sovereign and quasi-sovereign risk. Acceptable banks include Bank of China, China Construction Bank and Bank of Communications."

Investing in China

Most exporters are discovering that to achieve success in China, they need to participate through investment, rather than attempting to flood the market with goods, says Hough. As a result, EDC's Foreign Investment Insurance (FII) has become a growth area as exporters look for tools to protect themselves within unpredictable conditions.

Last year, EDC's FII business volume in support of exports to China totaled \$17.6 million.

"While China has attracted foreign investment exceeding US\$100 billion

since 1978, potential investors are particularly concerned about the risks posed by the overlapping jurisdictions of and tensions between the various levels of government in China, the fact that Chinese commercial organizations tend to be owned by government, and the lack of a consistent legal framework protecting investor rights," says EDC Financial Services Manager Derek Baas. "Many Canadian firms share this perception of commercial opportunity coupled with political risk and, as such, are looking for tools to help them manage the difficulties of the market.

"Not surprisingly, China is currently one of our busiest FII markets," says Baas. "We are open for all three political risks of transfer, expropriation and political violence in China, but the project specifics must be closely examined before the exact coverage available can be determined."

Key financing market

China is EDC's largest and most active market in Asia for financing. Since 1979, EDC has supported more than 240 transactions in China worth close to \$5 billion.

Almost all exports to China supported by EDC are conducted through credit facilities with government-owned banks.

EDC currently has a US\$200 million facility in place with the Bank of China, a US\$100 million facility with China Construction Bank and a US\$25 million facility with the Bank of Communications.

"As well, we are continuing to expand our list of pre-approved borrowers and guarantors for medium- and long-term business," says Hough. "EDC is well-positioned to consider policy banks,

Continued on page 23

China at a glance

Population: 1.2 billion

GDP per capita: US\$569

GDP growth: 9.8 percent (1996 estimate)

Inflation: 6 percent

Canadian exports: \$2.7 billion

Canada's market share: 2.1 percent

Current account balance:

US\$7.9 billion (1996 estimate)

Reserves (months of imports):

9.0 (1996 estimate)

EDC's position:

Short term – Generally good. Open without restrictions.

Medium/long term – Good. Open subject to an overall exposure guideline.

Foreign Investment Insurance – Open.

Canadian opportunities: Advanced technology, agriculture, food products, business and educational services, construction, consumer products, cultural industries, environment, financial, forestry, health care, mining, oil and gas, power and transport.

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CIDA (INC)

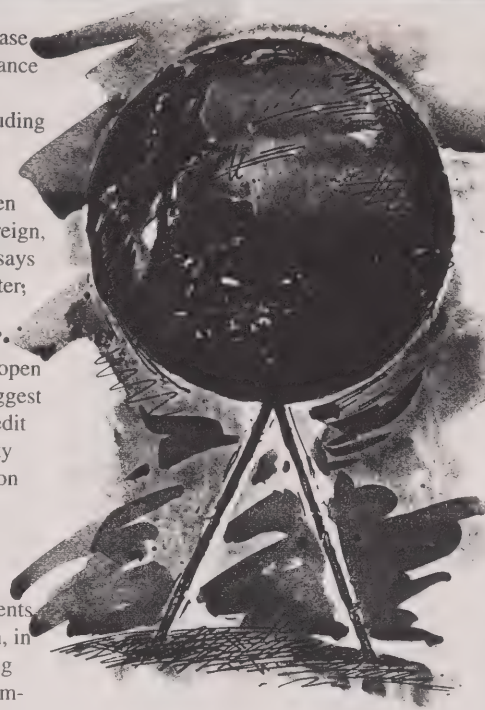
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EDC

You may reach your applicable business team contact via the EDC regional office nearest you (see listing, inside back cover) or by contacting an EDC regional manager for China: Mark Bolger, tel.: (613) 598-2508 or Marvin Hough, tel.: (613) 598-2895.



Indonesia: Arriving at a crossroads

With a population of 200 million (the fourth largest in the world) and a buoyant GDP growth that has been closing in on eight percent for the past two years, Indonesia holds significant promise for Canadian companies. Challenges, however, abound as well.

In 1996, Indonesia drew in about \$625 million worth of Canadian exports and \$1.2 billion in foreign investment. Under the direction of President Suharto since 1968, the country has risen from war and famine to be one of the most prosperous in Southeast Asia, says EDC Economist Jocelyne Lussier. A recent World Bank study says Indonesia promises to be one of the world's top 10 economies by 2020.

Huge purchasing power

The country already wields huge clout in purchasing power, says Doddy Hidayat, Commercial Attaché with the Embassy of Indonesia based in Ottawa.

"About one-sixth of Indonesia's population has a per capita income equal to Canada's – roughly 30 million people – creating a market the size of Canada and an increasing demand for consumer products," he says.

June Domokos, EDC's Vice-President of Asia, Africa and Middle East, says, "To reap Indonesia's excellent opportunities, a well-connected, reliable local agent or business partner, and a sustained presence in the country, are essential for success."

For the short term, the risks involved in doing business with Indonesia are relatively low. The country's external debt is high, but the debt servicing is at a manageable level and reserves are comfortable.

Element of uncertainty

However, the medium-term outlook is more uncertain. "Indonesia is coming to a crossroads," says Lussier. "If President Suharto is re-elected next spring, the country will maintain the status quo. If not, there will be an element of uncertainty."

Because Suharto is in his 70s, there is considerable speculation about his reelection and the country's future.

Even under his regime, there have been business complaints concerning government intervention in larger

transactions, favouritism, corruption and the powerful influence of the president's family. When business disputes occur, there is no legal framework for recourse.

Indonesia's outlook for the long haul will depend not only on the succession, but on a prudent external debt policy for the country's \$100 billion debt load, says Lussier.

Promoting investment

Given the impending election, Indonesia has been vying for special infrastructure projects and has been promoting investment. In 1995, foreign investment approvals totaled US\$40 billion.

Since Canada is becoming a significant investor in Indonesia, there has been considerable interest in EDC's Foreign Investment Insurance for protection against the political risks of transfer, expropriation and political violence.

Indonesia at a glance

Population: 200 million

GDP per capita: US\$1,013

GDP growth: 7.8 percent (1996 estimate)

Inflation: 6.7 percent (1996 estimate)

Canadian exports: \$825.6 million

Canada's market share: 1.3 percent

Current account balance:
US\$-8.9 billion (1996 estimate)

Reserves (months of imports): 5.1

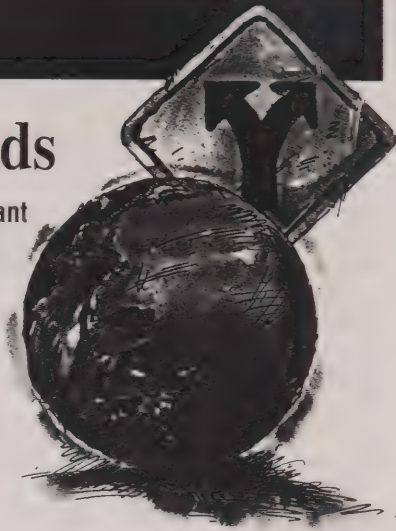
EDC's position:

Short term – Good. Open without restrictions.

Medium/long term – Good. Open, subject to an overall country guideline.

Foreign Investment Insurance – Open.

Canadian opportunities: Two new mass transit systems in Jakarta, a road expansion program and a high demand for goods and services related to port, airport and railway development make transportation a key focus. Other opportunities in power, pulp and paper, mining (due to recent gold and copper discoveries), oil recovery (to a lesser degree), telecommunications and the environment (in the long term).



Also, Indonesia has been one of EDC's most active markets in Southeast Asia for financing. Increasingly, EDC staff are conducting business with creditworthy borrowers without a government guarantee.

Recently, with a number of other financial institutions, EDC provided a loan for US\$200 million to PT INCO Indonesia for the expansion of its existing facilities. The transaction generated about 2,700 person years of employment in Canada and enhanced the company's position as one of the world's lowest-cost nickel producers.

Continued on page 23

Who to contact:

Canada-Indonesia Business Council
Mr. Peter Dawes, tel.: (416) 366-8490
Fax: (416) 947-1534

Canadian Embassy in Indonesia

Ambassador: Mr. Gary Smith
Commercial Counsellor:
Ms. Marta Moszczenska
Tel.: (011-62-21) 525-0709
Fax: (011-62-21) 571-2251

CIDA (INC)

Mr. Jean-René Beaulieu, Program Manager
Tel.: (819) 997-0565 Fax: (819) 953-5024

DFAIT

Ms. Georgina Wainwright
Tel.: (613) 992-0959 Fax: (613) 944-1604

EDC

You may reach your applicable business team contact via the EDC regional office nearest you (see listing, inside back cover) or by contacting an EDC regional manager for Indonesia: Todd Atherton, tel.: (613) 598-2720 or Robert Simmons, tel.: (613) 598-3022.

Indonesia-Canada Chamber of Commerce

Mr. Sutara, Chairman
Tel.: (011-61-21) 310-6407 (Jakarta)
Fax: (011-62-21) 390-8863

Trading with The Philippines: A long-term approach

Touted as the most "western" nation in the Asia Pacific region, the archipelago of 7,000 islands called The Philippines is worth a long second look for export and investment opportunities – provided one is in there for the long haul.

Since President Fidel Ramos took office in 1992, the Philippine market has been showing a degree of peace and political stability unusual in past decades.

"Ramos's economic reforms have accelerated growth and decreased inflation," says EDC Economist Jocelyne Lussier. "Between 1993 and 1996, the country's GDP growth figures rose from two to seven percent, while inflation fell from 20 to 6.5 percent between 1991 and 1996."

Imports have doubled

"The good news for Canadian exporters is that the Philippine market is buying," says June Domokos, EDC's Vice-President of Asia, Africa and Middle East. "In the past three years, the country's imports have doubled to US\$12 billion – and forecasts show increases for the next two years."

While the overall picture looks good, there still are areas to watch as the country struggles with tax reform, oil deregulation, a tax reform overhaul, previously powerful families – and uncertainty about a second term for Ramos. Nevertheless, those Canadian firms that make a concerted, long-term effort to export to The Philippines are reaping the rewards of the country's deregulation, privatization and massive investment in large infrastructure projects.

For some 20 years, EDC has been providing Canadian exporters with key support to access this flourishing market. Over the past five years, the Corporation's business volume in support of Canadian exports to The Philippines totaled \$220.5 million. Domokos points out, however, that EDC's appetite for supporting exports to this market is significantly greater.

Fully open for export credit insurance

Export credit insurance has accounted for the bulk of EDC's business volume with The Philippines, at \$17.3 million over the past five years. "However, volume in The Philippines has not been too significant to date," says Keith Milloy, EDC's Chief Underwriter, Short Term Insurance. "This largely reflects the fact that we opened for cover in that market rather cautiously only two years ago."

Nevertheless, says Milloy, "EDC's short-term experience in The Philippines has been good, and we are now fully open with considerable risk appetite."

In the area of contract insurance and bonding, from 1993 to 1996 EDC has provided Performance Security Insurance (PSI) and/or Performance Security Guarantee (PSG) coverage in support of \$37.9 million in bid, advance payment and performance letters of guarantee. These were all issued by banks on behalf of Canadian exporters in respect of export contracts or potential contracts totaling \$987.6 million. As at February 28, 1997, outstanding PSI/PSG exposure amounted to \$1.4 million.

"Such bonding support has been provided to a diverse group of exporters in the telecommunications, oil and gas, power and industrial equipment sectors," says EDC Financial Services Manager Tom Kowbel. "EDC's support through both wrongful call coverage (via PSI) and indirect working capital financing (via PSG) has been pivotal to Canadian exporters' risk management strategies in the Philippine market."

Investment opportunities

According to EDC Financial Services Manager Derek Baas, "The Philippines' positive political and economic climate of

Continued on page 23



The Philippines at a glance

Population: 69.8 million
GDP per capita: US\$1,089
GDP growth: 6.8 percent (1996 estimate)
Inflation: 8.4 percent (1996 estimate)
Canadian exports (1996): \$258.3 million
Canada's market share: 0.6 percent
Current account balance:
 US-\$3.6 billion (1996 estimate)
Reserves (months of imports): 2.5

EDC's position:

Short term – Satisfactory. Open without restrictions.

Medium/long term – Good. Open subject to an overall exposure guideline.

Foreign Investment Insurance – Open.

Canadian opportunities: Telecommunications, power and energy, transportation, engineering and high technology.

Who to contact:

Canadian Embassy in The Philippines

Ms. Judy St. George
 Commercial Counsellor
 Tel.: (011-63-2) 843-9003/9004
 Fax: (011-63-2) 843-9005

CIDA (Inc)

Mr. David Keithlin
 Program Manager
 Tel.: (819) 997-0568 Fax: (819) 953-5024

DDAIT

Ms. Andrée Bazinet
 Tel.: (613) 995-7659
 Fax: (613) 944-1604

EDC

You may reach your applicable business team contact via the EDC regional office nearest you (see listing, inside back cover) or by contacting an EDC regional manager for The Philippines: Todd Atherton, tel.: (613) 598-2720 or Robert Simmons, tel.: (613) 598-3022.

Services exports steadily gaining strength

Reflecting the economic shift from goods to services, Canadian exports of business and professional services are seeing steady growth. EDC's financing, insurance and bonding coverage can make a critical difference for services firms competing for international work.

As in all industrialized countries, economic growth in Canada is increasingly driven by the services sector. Services account for approximately two-thirds of Canada's GDP, almost three-quarters of employment and nearly 90 percent of new job creation.

Within the hard-charging services sector, business and professional services have shown the most growth. These services include engineering, energy, construction, management consulting, project management, scientific and technical services and many more.

Business and professional services now comprise the largest component of the country's non-merchandise trade, accounting for 35 percent of services-related exports. The value of Canadian exports of business and professional services reached \$12.9 billion in 1995, up 7.5 percent from \$12 billion in 1994, which in turn rose 17 percent from \$10.2 billion in 1993.

Strong forecast growth

Growth in this sector is expected to remain strong. The annual forecast growth of Canadian business and professional services exports to the year 2000 is nine percent.

EDC's support for this sector encompasses business and professional services, as well as project-driven services.

Reflecting the importance of services to Canada's long-term economic prospects, EDC's support for engineering and professional services – particularly engineering and energy companies – is growing dramatically. In 1996, EDC supported \$1.5 billion worth of engineering and professional services exports, up 50 percent from \$1.0 billion the year before. This subsector accounted for seven percent of the Corporation's

business volume and just over four percent of its total customer base in 1996.

Growth is expected to be just as strong in 1997. According to Sherry Noble, EDC's Engineering and Professional Services (EPS) Team Leader, EDC's support for services exporters is projected to reach at least \$2.4 billion this year.

"EDC's business is booming because Canadian engineering and other services firms are making remarkable gains around the world, and they're turning to us for increased support," she says.

Aggressive approach to risk

To attest to this growth trend, EDC created the EPS Team in 1995, to support Canadian exporters in this sector whose individual annual export sales exceed \$1 million. The team has two distinct customer bases: small- and medium-sized enterprises (SMEs), and large energy and EPD (engineering, procurement and construction) companies.

Most of the team's SME customers provide technical, construction and engineering services. In 1996, the team supported \$484 million worth of SME exports, primarily with credit insurance and bonding products, compared with \$173 million the year before.

"We expect our support to SMEs will continue to rise strongly," says Noble.

The team's large customers are project-driven and require Foreign Investment Insurance and project financing, as well as bonding.

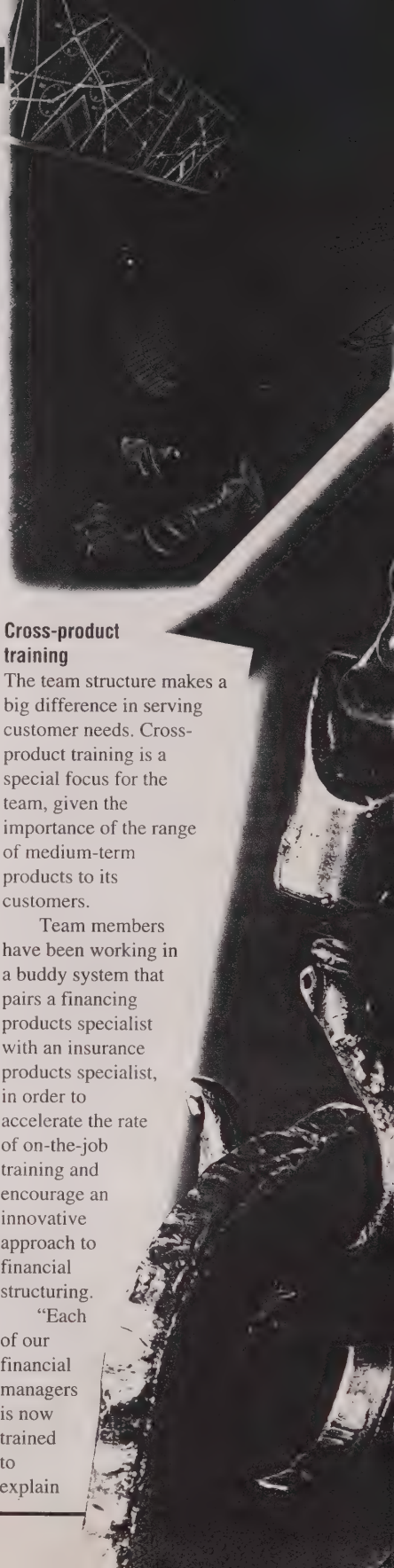
"The number of requests we're receiving for project financing in higher-risk countries is up substantially," says Christiane de Billy, Financial Services Manager, EPS Team. "We're finding more ways to structure support for these projects."

Cross-product training

The team structure makes a big difference in serving customer needs. Cross-product training is a special focus for the team, given the importance of the range of medium-term products to its customers.

Team members have been working in a buddy system that pairs a financing products specialist with an insurance products specialist, in order to accelerate the rate of on-the-job training and encourage an innovative approach to financial structuring.

"Each of our financial managers is now trained to explain





the whole menu of EDC's insurance and financing products," says Noble. "The goal is to provide customers with a single point of contact and to ensure quick implementation of the most effective financial solutions."

As a result of these initiatives, the EPS Team is earning higher customer satisfaction index ratings: 8.5 out of 10 in 1996, up from 8.1 in 1995.

"We're raising the achievement yardstick again this year," says Noble. "Our focus is on enhancing our products, taking on more risk and shortening our response time to customer requests."

Last year, Foreign Investment Insurance accounted for 51 percent of EDC's volume in engineering and professional services, followed by financing (33 percent), with bonding coverage and export credit insurance comprising the remainder.

Latin America and Asia were the two key regions for EDC-supported business and professional services exporters, accounting for 54 and 20 percent, respectively, of business volume in 1996. Asia, however, is the fastest-growing region, powered by the rapidly expanding Asian economies.

Other key areas are the Middle East, the United States, Africa and Eastern Europe.

More support needed

Despite strong annual growth, Canada's services export performance lags behind other countries in terms of its share of GDP. Canada's share of the global services market is less than two percent, compared to its global trade share in goods of some four percent.

Canada boasts only a few large engineering services firms – among them Agra Inc. and SNC Lavalin Inc. – which both exceeded \$1 billion in revenues in 1996. Most services exporters are SMEs, and many are sole practitioners. Smaller services firms, which tend to focus on niche export markets, are crucial to Canada's economic future.

"The needs of SMEs and large-sized companies differ significantly," says Noble. "We've been working very closely with both the Alliance of Manufacturers and Exporters Canada (AMEC) and National Sector Teams to find ways in which the government can facilitate exporters' access to capital."

AMEC has identified that information sharing and partnering are critical to the building of SMEs' services exports. About 30 percent of AMEC's 3,500 members are in the services sector.

"Through our partnerships with Industry Canada and the Department of Foreign Affairs and International Trade," says Diane Girard, Co-Chair of the Alliance's Service Exporters Committee, "we are assisting in the development of a family of new information products. Access to relevant market and financing information has been identified by services exporters as the two most critical needs."

"One of our goals is to increase our members' awareness of EDC's offerings to services exporters," she adds. "New-age technology now makes it possible for exporters to access this valuable information via the Internet or CD-ROM."

According to Girard, increasing the number of panels and information sessions the Alliance holds is critical.

"Since the services sector is so widespread, we are reaching out to all services firms and export services providers

to join us in helping more Canadian services firms go global," she says. "This includes our partners in all regions of Canada and in all sectors of the services economy. Conferences, panel discussions and regional committees are only some of the ways that we are broadening our Service Exporters Network."

Help for BOT projects

Along with various SME initiatives, Industry Canada is also working to assist large-sized exporters – Canadian engineering and construction companies that bid for BOT (Build, Own, Transfer) infrastructure projects, such as pipelines, power, and mass transit projects. The successful company generally builds the project using debt and equity funds, owns and operates the project for an extended period of time and then transfers ownership to the customer.

"To win a BOT project, bidders must have access to significant pools of investment funds," says Dennis De Melto, Director General, Service Industries and Capital Projects for Industry Canada.

Industry Canada's Service Industries and Capital Projects Branch recently held a Round Table on Financing Privatized Infrastructure Projects in Non-OECD Countries, at which EDC was a panel participant. The round table examined the issue of accessing large pools of investment funds.

Not surprisingly, says De Melto, meeting participants heard that companies without well-established international track records find it difficult to access capital pools.

"In response, Industry Canada is developing a complete inventory of investment funds and is exploring ways that government can facilitate Canadian companies' access to capital pools," he says.

Foreign investment

According to Noble, EDC plays a critical role in supporting BOT projects through its project financing and Foreign Investment Insurance (FII) programs.

The FII Team provides innovative and flexible product solutions for the EPS Team's customers, primarily in the engineering and energy subsectors.

Continued on page 23

Business services take flight

North West Group is an old hand at foreign contracts, while Jim Murray Ltd. recently landed its first job outside Canada. Both companies rely on EDC to support their offshore endeavours.



Soaring export business

The sharp, clear images from aerial photographs are always impressive. They're also expensive to make. "When one of our big Cessna propjets leaves the ground, the crew is deploying about \$2 million worth of equipment," says Beverly Schreiner, Accountant for North West Group.

Since 1967, the Edmonton-based company has conducted aerial photography throughout North America and internationally. Projects include mapping forests and agricultural areas from British Columbia to Maine, pipeline routes in Colombia and oil fields in Venezuela. The company has 20 full-time employees, owns four aircraft specially modified and equipped for aerial photography, and operates its own film processing and printing laboratory.

Continuous research and development keeps North West Group at the leading edge of the aerial photography industry. Navigation is key to the company's sky-high performance.

North West Group has developed its own hardware and software for its Flight Management System. This system utilizes Global Positioning Satellite (GPS) information to provide real-time navigational measurements, including latitude, longitude and elevation.

"The cameras are interfaced to the Flight Management System, which automatically fires the camera at pre-determined points," says Schreiner. "This eliminates the need for our clients to use land-based survey teams, which are more expensive."

North West Group rarely signs a foreign contract without having EDC coverage in place, adds Schreiner.

"I use EDC to insure all of North West Group's bid bonds and performance bonds, and we occasionally purchase

receivables insurance," she says. "EDC also insures customs bonds that are often required for the temporary import of equipment into a foreign country."

"The bottom line is that our exporting activities would be seriously restricted without EDC."

For more information, contact Beverly Schreiner or Fred Welter at tel.: 403-453-6751, fax: 403-455-3500, Web site: www.nwgeo.com or e-mail: info@nwgeo.com

Lighting up airports

Jim Murray knows what it's like to see a job nearly slip from his grasp. In April 1996, Murray, President of Jim Murray Ltd., an electrical contracting company based in St. John's, Newfoundland, was bidding on a \$2.7 million contract to install an airfield lighting and control system at Bermuda International Airport.

"This was our first bid for work outside Canada, so it was obviously extremely important to us," says Murray, who founded the firm in 1986.

At the eleventh hour, Murray's bond insurance company informed him it wouldn't participate, leaving him just seven days to secure coverage. Murray immediately contacted EDC and had bid bond insurance put in place within the week.

"Without EDC's expeditious service and support, we wouldn't have been able to proceed," he says.

Murray's firm won the contract and then turned to EDC for performance bond

insurance. When the Bermuda Attorney General's Office wanted changes to the standard performance bond, "EDC modified the document within two days," says Murray. "They've consistently been fast and flexible. I'm really impressed with the service."

In the 1980s, Murray worked exclusively in Newfoundland, building up one of the busiest electrical contracting firms in the province. Its first out-of-province job, in 1990, was a \$2.6 million contract for building and airfield lighting in Rankin Inlet, Northwest Territories.

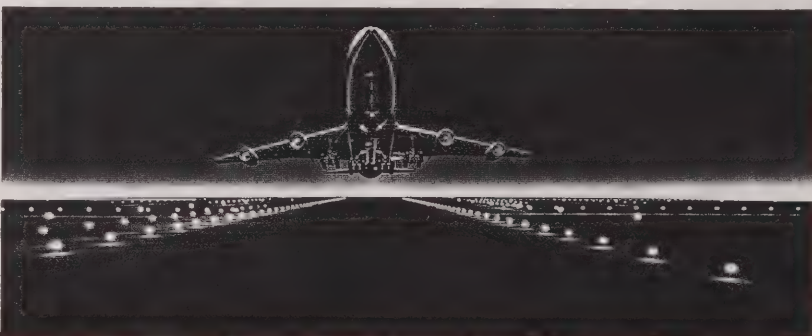
That success rapidly led to work in other provinces, including a \$2.5 million contract for an electrical and communications system in the new air traffic control tower at Toronto's Pearson International Airport. Airfield lighting is now the firm's specialty, and with six permanent employees, the company usually has 30 to 40 people on several sites at any one time.

Jim Murray Ltd. is now marketing a turnkey package for airport navigational systems, including financing, design, installation, start-up and training.

"I think we'll be able to significantly expand our international business with this combination of services," says Murray. "For this approach to work, we'll be relying on EDC's insurance and financing products and services."

For more information, contact Jim Murray at tel.: 709-754-3666, fax: 709-754-3667 or e-mail: jim@nfld.com

Michael Salter



INTEK IMAGING, MASTERFILE

Exporting to China...

Continued from page 17
specialized commercial banks and creditworthy international trust and investment corporations.

"As the market continues to evolve, EDC will continue to assess and consider other risk structures to keep pace with the needs of our customers."

Indeed, EDC will try to find ways to support transactions encompassing a wide variety of situations, including joint ventures, technology transfer, commercial bank risk, corporate risk, and project financing/limited recourse structures.

Babcock & Wilcox is one of many customers that have benefited from EDC's financing support. "In 1996, EDC supported US\$16 million worth of Babcock & Wilcox's equipment exports to China," says EDC Financial Services Manager Shawn Cusick. "The Canadian supply was part of a much larger project that involved financing from a number of other sources such as other export credit agencies and commercial banks."

For Babcock & Wilcox, as for many other Canadian companies selling to China, EDC will continue to be a key partner in facilitating export trade to this ever-changing, important market.

Brenda Stewart

Indonesia...

Continued from page 18

EDC supported exporters with short-term insurance policies to the tune of \$49.4 million in 1996. Although secured terms were the norm, open terms have been increasing. Credit and financial information has become more available through an internationally recognized credit rating agency.

Last year, 11 exporters took advantage of EDC's bonding coverage and guarantees. Staff issued 37 policies and endorsements for an insured volume of \$64 million.

The bottom line is that EDC is coupling its full range of products with up-to-date market intelligence to help Canadian exporters and investors gain a foothold and grow in the Indonesian marketplace.

Brenda Stewart

The Philippines...

Continued from page 19
recent years has led to renewed confidence in this market as a destination for investment capital."

Baas says that there are currently opportunities for Canadian investors resulting from the country's considerable infrastructure requirements, and that EDC is open for all three political risks of transfer, expropriation and political violence (subject to analysis of investment details).

Emerging commercial business

Opportunities have also opened up for exporters, particularly with the private sector.

"While The Philippines has traditionally been a sovereign market for EDC-supported transactions, opportunities are emerging for various structures, including those with commercial banks and limited recourse for selective financing transactions," says Domokos. "As well, EDC will consider on-lending or guarantee structures with top-tier banks."

Recently, an EDC-supported deal in The Philippines earned rave reviews from *Asia Money* as the "Deal of the Year 1996" for telecommunications in Asia. EDC acted as a senior lead manager in a lending syndicate to support a Nortel sale to the Pilipino Telephone Corporation (Piltel) worth US\$10 million.

Along with telecommunications, other key sectors of opportunity for Canadian exporters include power and energy, transportation, engineering and high technology.

In addition, the growth of a substantial middle class is creating a promising new market for Canadian suppliers of consumer and food products.

Domokos points out that a sustained presence in The Philippines is a necessity. Partnering with local businesses is another successful tactic, producing great synergy, she says.

To promote investment and partnering relationships, INVESTMART '97 will be held June 2-4 in Makati City, Metro Manila. Trade Commissioner Cynthia Ricafort, with The Philippine Trade Commission based in Toronto, says, "In addition to hearing speakers discuss business opportunities and incentives at INVESTMART '97, Canadians will have

a chance to meet joint-venture partners in areas ranging from agro-industry, mining and manufacturing to transportation, power generation and tourism."

Brenda Stewart

Services exports...

Continued from page 21

Companies in these sectors tend to pursue foreign opportunities which involve investing directly in projects overseas, and look to mitigate the political risks associated with conducting business in foreign jurisdictions.

"FII solutions can be provided through a number of flexible packages," says Peter Keon, Financial Services Manager, FII Team. "For companies which purchase equity interests – be they through joint ventures or special-purpose companies – we provide political risk insurance of their equity."

"If their investment takes the form of a shareholder's loan, loan guarantee or participation through service agreements or production-sharing agreements, our Foreign Investment Insurance can be tailored to meet the customer's specific requirements," he adds. "In addition, EDC recently expanded its political risk insurance support for bank loans for projects that have significant Canadian participation and that will generate substantial benefits to Canada."

The EPS Team is working more closely with other export credit agencies, banks and international financial institutions from around the world, on both structured and project financing.

"The global trend to privatization means that we're seeing fewer sovereign loans – loans made to foreign governments – and more and more limited recourse financing," says Noble. "EPS works closely with EDC's Project Financing Team specialists in structuring these deals. As well, the Corporation has its own small but growing equity investment program."

For more information, contact EDC's EPS Team or the nearest EDC regional office (see "Contacts" listing, inside back cover) or send e-mail to: info@service.industries.net

Michael Salter

Lines of credit and other export financing

EDC has many types of export financing facilities to simplify the purchase of Canadian goods and services by buyers in export markets.

These facilities fall into two broad categories: supplier credit financing and buyer credit financing.

One example of supplier credit financing is a note purchase agreement. Under such an agreement, EDC purchases from an exporter a series of promissory notes issued by a foreign buyer to the exporter upon the sale of goods or services.

Buyer credit financing includes direct loans and lines of credit. Direct loans are a financing arrangement between EDC and a buyer, or a borrower on behalf of a buyer, for a predetermined transaction. Loans usually involve large transactions with long repayment terms.

Lines of credit are a streamlined form of financing in which EDC lends money to a foreign bank, institution or purchaser, which then onlends the necessary funds to foreign purchasers of Canadian goods and services. Interest rates, repayment terms and other details are prearranged between EDC and the foreign borrower, which speeds up turnaround time. Transactions supported under lines of credit are usually valued at between US\$50,000 and US\$5 million. EDC currently has 46 lines of credit, providing one form of access to export financing for buyers in some 24 countries.

Listed below are the details and contacts for the lines of credit which exporters have found most useful.

It is important to note that:

- EDC's financing and insurance services extend beyond countries in which EDC has established lines of credit.
- These lines of credit are one of several ways in which EDC will do business in these markets.
- If you are thinking about exporting but have never used one of EDC's lines of credit, it is wise to contact EDC as early as possible.

For more information on how EDC export financing can help you close a deal abroad, contact the regional office nearest you. (Refer to the contact list on the inside back cover.)

CATEGORIES

Overseas Area Code = 011

- 1) Borrower
- 2) Signing amount
- 3) Repayment terms
- 4) Buyer's contact with borrower
- 5) Borrower's North American representative

Lines of credit

MEXICO, CENTRAL & SOUTH AMERICA

Andean Pact

- 1) Corporación Andina de Fomento (CAF)*
- 2) US\$70 million
- 3) 10 years
- 4) Mr. Fernando Infante, Capital Markets Group
Tel.: 582-209-2283
Fax: 582-209-2329
Dr. Hernán Escudero M. (Bolivia)
Tel.: 591-243-1333
Fax: 591-243-2049
Sra. Liliana Canale (Colombia)
Tel.: 571-313-2311
Fax: 571-313-2787
Ing. Carlos Claverie (Ecuador)
Tel.: 593-222-4080
Fax: 593-222-2107

- Mr. Ernesto Aranibar Q. (Peru)
Tel.: 511-221-3566
Fax: 511-221-0968
Econ. Cecilia Carrero,
Public Sector (Venezuela)
Econ. Blanca Olivo, Private Sector
Tel.: 582-209-2179/2379
Fax: 582-209-2422

* For Bolivia, Colombia, Ecuador, Peru and Venezuela

Argentina

- 1) Banco de Galicia
- 2) US\$13.1 million
- 3) 2, 3, 5 or 7 years
- 4) Mr. Carlos López, Senior International Officer
International Department
Tel.: 541-329-6487/6488
Fax: 541-329-6486

- 1) Banco Francés
- 2) US\$10 million
- 3) 2, 3, 5 or 7 years
- 4) Mr. Fernando Sola, Regional Manager
North America and Asia Pacific
Tel.: 541-346-4326/4000 (ext. 1893)
Fax: 541-346-4337

- 1) Banco Roberts
- 2) US\$5 million
- 3) 2, 3, 5 or 7 years
- 4) Mr. José Domenech, Branch Manager
Tel.: 541-331-5246
Fax: 541-334-6404

- 1) Bidas S.A.P.I.C.
- 2) US\$25 million
- 3) 3 to 8.5 years
- 4) Mr. Horacio P. Ferraro, Manager
Financing Department
Tel.: 541-310-4346/311-0111
Fax: 541-310-4367

- 1) Industrias Metalúrgicas Pescarmona S.A.I.C. (IMPISA)
- 2) US\$15 million
- 3) 3 semi-annual installments
- 4/5) Mr. Claudio Troglia, Director of Purchasing (Pittsburgh)
Tel.: 412-344-7003 (ext. 21)
Fax: 412-344-7009

- 1) Telecom Argentina Stet-France Telecom S.A.
- 2) US\$45.2 million
- 3) 3 to 8.5 years
- 4) Mr. Mario González, Manager
Ms. Christel Maulhardt, Analyst
Trade Finance Operations
Tel.: 541-968-3612/3614/3068
Fax: 541-312-9472

- 1) Telefónica de Argentina S.A.
- 2) US\$50 million
- 3) 3 to 8.5 years
- 4) Mr. Raul Rolandi, Deputy Director
Financial Services
Tel.: 541-325-0190
Fax: 541-325-1920

- 1) Total Austral S.A.
- 2) US\$25 million
- 3) 2 to 8.5 years
- 4) Mr. Joseph Castaing, Financial Controller
Tel.: 541-394-8167
Fax: 541-394-9318

- 1) YPF, S.A.
- 2) US\$25 million
- 3) 2 to 8.5 years
- 4) Mr. Enrique Waterhouse
Ms. Dora E. Acosta Vázquez
Tel.: 541-329-5685
Fax: 541-329-5685

Argentina, Brazil, Colombia and Uruguay

- 1) Bank of Boston
- 2) US\$25 million
- 3) 2 to 8 years
- 4) Mr. Julio Laffaye, Trade Finance Manager
International Services (Argentina)
Tel.: 541-346-2112
Fax: 541-346-3209/343-7303

Mr. Carlos Martins (Sao Paulo)
Tel.: 5-511-249-5622
Fax: 5-511-249-6430

Mr. Damián Donnelly (Bogotá)
Tel.: 571-313-3481
Fax: 571-313-3536

Mr. José Baniela (Montevideo)
Tel.: 598-296-0127
Fax: 598-296-2209

- 5) Mr. Hugo Owen, Vice President (Boston)
Tel.: 617-434-3107
Fax: 617-434-1188

Brazil

- 1) **Banco do Brasil**
- 2) US\$25 million
- 3) up to 5 years
- 4) Mr. Joao Inacio de Andrade Lima (Sao Paulo)
Tel.: 5-511-281-9569/9441
Fax: 5-511-281-9029

- 1) **Petrobrás**
- 2) US\$15 million
- 3) up to 5 years
- 4) Mr. Carlos Alberto Massena Barbosa
Tel.: 5-521-534-1454/1457
Fax: 5-521-534-4278

- 1) **Unibanco – União de Bancos Brasileiros**
- 2) US\$15 million
- 3) 2, 3, 4 or 5 years
- 4) Ms. Celina Porto, Ms. Silvia Nucci, Manager
International Relations
Ms. Patricia Urbano, Manager
Corresponding Banking
Tel.: 5-511-867-1684/4321/1900
Fax: 5-511-815-4484/814-0528/867-1689

- 5) Mr. Durval Araujo (New York)
Tel.: 212-207-9426
Fax: 212-754-4872
Mr. Marcos Pereira (Miami)
Tel.: 305-372-0100
Fax: 305-350-5622

Honduras, Costa Rica, El Salvador, Guatemala and Nicaragua

- 1) **Central American Bank for Economic Integration (CABEI)***
- 2) US\$20 million
- 3) 5 years
- 4) Mr. Jorge Kawas
(Tegucigalpa, Honduras, Headquarters)
Tel.: 504-372-230/239
Fax: 504-370-793/377-830
Lic. Ronald Martínez Saborío (Costa Rica)
Tel.: 506-253-9394
Fax: 506-253-2161
Ing. Francisco José Ramírez Cuadra
(El Salvador)
Tel.: 503-224-0144
Fax: 503-224-1621
Lic. Jorge Marco Diaz Rosal (Guatemala)
Tel.: 502-334-1744/332-2722
Fax: 502-331-1457

* CABEI has suspended new public-sector loans to the Government of Nicaragua. Call EDC's International Markets for details.

Ing. Roger Arteaga Cano (Nicaragua)
Tel.: 505-266-4120/4123
Fax: 505-266-4143

Colombia

- 1) **Banco Cafetero**
- 2) US\$10 million
- 3) up to 8 years
- 4) Mr. Carlos Gaona Cruz, Head
Special Lines Department
Tel.: 571-284-6603
Fax: 571-286-8893

EDC is prepared to provide its full range of financing programs to the following institutions in Colombia as specific transactions arise. Please call EDC for information on the appropriate contacts at the respective institutions:

BANKS

For large/small transactions: **Banco de Bogotá, Banco de Colombia, Banco Ganadero and Instituto de Fomento Industrial**

For smaller transactions: **Banco Comercial Antioqueño, Banco del Estado, Banco de Occidente, Banco Industrial Colombiano and Banco Unión Colombiano**

FINANCIAL CORPORATIONS
Corfinsura and Corfivalle

OIL AND GAS
Ecopetrol

Mexico

- 1) **Banca Serfin, S.A.**
- 2) US\$20 million
- 3) 5 years
- 4) Mr. José Carrasó Arnaiz, Vice President
International Division
Tel.: 525-512-1009
Fax: 525-625-5613
- 5) Mrs. Paloma Healey
Tel.: 416-360-8900
Fax: 416-360-1760

- 1) **Bancomer, S.A.**
- 2) US\$75 million
- 3) 5 years
- 4) Ms. Cecilia Sáenz y Sáenz, Vice-President
Import Financing
Tel.: 525-621-3861/3491
Fax: 525-621-4758

- 1) **Banco Nacional de Comercio Exterior, S.N.C. (Bancomext)**
- 2) US\$90 million
- 3) 5 to 8 years
- 4) Ms. Rosa María Solís, Vice President
International Banking, North America
Tel.: 525-327-6051
Fax: 525-327-6076/6077
- 5) Mr. Marco Espinosa
Trade Commissioner of Mexico (Toronto)
Tel.: 416-867-9292
Fax: 416-867-1847

- 1) **Banco Nacional de México, S.A. (Banamex)**
- 2) US\$125 million
- 3) 5 to 8 years
- 4) Mr. Gerardo Santos, Comercio Exterior
Tel.: 525-225-6690
Fax: 525-225-6625
- 5) Mr. Helmut Damm, Representative (Toronto)
Tel.: 416-368-1399
Fax: 416-367-2543

- 1) **Banco Nacional de Obras y Servicios Públicos, S.N.C. (Banobras)**

- 2) US\$20 million
- 3) 5 to 8 years
- 4) Lic. Abelardo Bravo Herrera, Gerente
Operaciones Bancarias Internacionales
Tel.: 525-723-6000
Fax: 525-723-6235

- 1) **Comisión Federal de Electricidad (CFE)**
- 2) US\$30 million
- 3) 5 to 8 years
- 4) Mr. Ranulfo Matus López
Credit Operations Department
Tel.: 525-286-6859
Fax: 525-286-1456

- 1) **Nacional Financiera, S.N.C. (Nafin)**
- 2) US\$28 million
- 3) 5 to 8 years
- 4) Mr. Jorge Muñoz Cuevas, Manager
Bilateral Financing
Tel.: 525-325-7022/7023
Fax: 525-661-9542

- 1) **Petróleos Mexicanos (Pemex)**
- 2) US\$14.6 million
- 3) 5 to 8 years
- 4) Lic. Guillermo Christy Vera
Associate Managing Director of Finance
Tel.: 525-250-6478
Fax: 525-254-1896

- 1) **Teléfonos de México, S.A. de C.V. (Telmex)**
- 2) US\$35 million
- 3) 3 to 7 years
- 4) Mr. Gustavo León Méndez, Treasury
Tel.: 525-222-1153/1154
Fax: 525-203-5972

Peru

- 1) **Banco Wiese Ltda.**
- 2) US\$15 million
- 3) 2 to 5 years
- 4) Mr. Manuel Custodio Poemape/
Mr. Javier Román Vidal
Financing Intermediation Division
Tel.: 511-428-0505/426-6231
Fax: 511-426-9448/9414

Venezuela

- 1) **BARIVEN, S.A./Petróleos de Venezuela, S.A. (PDVSA)**
- 2) US\$50 million
- 3) 2 to 8.5 years
- 4) Mr. Richard Maduro, Finance Manager
BARIVEN, S.A. (Caracas)
Tel.: 582-201-4761
Fax: 582-201-4605
- 5) Mr. Philip Limón, Assistant Treasurer
PDVSA Services, Inc. (Houston, Texas)
Tel.: 713-588-6430
Fax: 713-588-6992

AFRICA, MIDDLE EAST & EUROPE

Africa

Algeria

- 1) **Banque Algérienne de Développement (BAD)**
- 2) US\$100 million
- 3) 3 or 5 years
- 4) Mr. Sadek Alilat, Director
Tel.: 213-2-738-950
Fax: 213-2-748-025

- 1) **Sonatrach**
- 2) US\$70 million
- 3) 3 or 5 years
- 4) Mr. Ahmed Mostefaoui, Director
Tel.: 213-2-607-000
Fax: 213-2-605-322

Ghana

- 1) **Ministry of Finance and Economic Planning**
- 2) US\$20 million
- 3) up to 10 years
- 4) Mr. Emmanuel Darko, Director
International Economic Relations Division
Tel.: 233-21-665-920
Fax: 233-21-667-069
- 5) High Commission of Ghana to Canada
in Ottawa
High Commissioner Annan A. Cato
Tel.: 613-236-0871
Fax: 613-236-0874

South Africa

- 1) **First National Bank of Southern Africa Limited**
- 2) US\$25 million
- 3) 3 to 8.5 years
- 4) Mr. Steve Smith, Manager, Export Credits
Tel.: 011-371-6665
Fax: 011-371-7255
- 1) **Impofin (Pty) Limited**
- 2) US\$15 million
- 3) up to 8.5 years
- 4) Mr. Leon Potgieter, Deputy General Manager
Industrial Development Corporation of South Africa Ltd.
Tel.: 011-269-3000
Fax: 011-269-3121
- 1) **Nedcor Bank Ltd.**
- 2) US\$10 million
- 3) 3 to 8.5 years
- 4) Mr. Chris Louw, Manager
International Finance Unit
Tel.: 011-630-7973
Fax: 011-630-7879
- 1) **The Standard Bank of South Africa Limited**
- 2) US\$10 million
- 3) 3 to 8.5 years
- 4) Mr. Gerald Nolan, Senior Manager
International Finance
Tel.: 011-636-5062
Fax: 011-636-3181

Tunisia

- 1) **Ministry of International Cooperation and Foreign Investment**
- 2) US equivalent of Cdn\$100 million
- 3) up to 10 years
- 4) Mr. Abdelhamid Bouhawala
Tel.: 216-1-798-522
Fax: 216-1-799-069

Middle East

Israel

- 1) **Bank Hapoalim B.M.**
- 2) US\$10 million
- 3) 3, 5 or 7 years
- 4) Ms. Yona Rosenberg
Foreign Trade Department
Tel.: 972-3-567-3424
Fax: 972-3-567-4548
- 1) **Bank Leumi Le-Israel B.M.**
- 2) US\$10 million
- 3) 3, 5 or 7 years
- 4) Ms. Liorah Tidhar, First Vice President
Trade & Project Finance
Tel.: 972-3-514-7373
Fax: 972-3-514-7865
- 1) **United Mizrahi Bank Limited**
- 2) US\$10 million
- 3) 3, 5 or 7 years
- 4) Mr. Chana Chefer, Foreign Trade Department
Tel.: 972-3-567-9011
Fax: 972-3-567-9028
- 1) **The Israel Electric Corporation**
- 2) US\$19.5 million
- 3) 5 or 12 years
- 4) Ms. Ilana Blechner
Finance, Trade, Insurance Department
Tel.: 972-4-854-8272
Fax: 972-4-851-5597

Europe

Slovak Republic

- 1) **Vseobecno Uverova Banka, A.S. (VUB)**
- 2) US\$10 million
- 3) 2, 3, 4 or 5 years
- 4) Mr. Jozef Galis, Director
International Banking Department
Tel.: 42-7-531-7283
Fax: 42-7-531-7020

Turkey

- 1) **Turk Eximbank**
Export Credit Bank of Turkey
- 2) US\$50 million
- 3) 3 to 7 years
- 4) Mr. Bekir Bora, Deputy General Manager/
Mr. Ertan Tanriyakul, Finance Manager
Tel.: 312-417-1300
Fax: 312-425-2947

ASIA & PACIFIC

China, People's Republic of

- 1) **Bank of China**
- 2) US\$200 million or its equivalent in Cdn. or other acceptable foreign currencies
- 3) up to 10 years
- 4) Mr. Xu Gang, Divisional Chief
Credit Business Department
Tel.: 86-10-6834-3312
Fax: 86-10-6834-2272
Telex: 22254/22289 BCHO CN
- 1) **Bank of Communications**
- 2) US\$25 million
- 3) up to 10 years
- 4) Mr. Shi Fu Ling, Deputy General Manager
Forex Credit Department
Tel.: 86-216-275-1234/7255
Fax: 86-216-275-6224
- 1) **China Construction Bank**
(previously People's Construction Bank of China)
- 2) US\$100 million
- 3) up to 10 years
- 4) Ms. Song Xieli, Project Manager
International Department
Tel.: 86-106-851-5276
Fax: 86-106-851-5285

India

- 1) **Export-Import Bank of India (Exim)**
- 2) US\$10 million
- 3) up to 8.5 years
- 4) Mr. David Rasquinha, Manager
Export-Import Bank of India (Mumbai)
Tel.: 91-22-218-5272 (ext. 2404)
Fax: 91-22-218-8076
- 5) Mr. Anup K. Hiranandani
Resident Representative
(Washington, D.C.)
Tel.: 202-223-3238/3239
Fax: 202-785-8487

Indonesia

- 1) **Bank Umum Nasional (BUN)**
- 2) US\$10 million
- 3) up to 7 years
- 4) Mr. Kalimuda Sinaga, Assistant Vice President
Correspondent Banking Services, Bunas Center
Tel.: 62-21-231-2828
Fax: 62-21-231-2929

WESTERN REGION

Glen Hammond, Regional Vice-President

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Winnipeg, Manitoba
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Manager

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Ruth Fothergill, Regional Vice-President

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London, Ontario
N6A 5P3

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Fax: (519) 645-5580

LAURA GAINER

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Manager

QUEBEC & ATLANTIC REGION

Toby Price, Regional Vice-President

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800 Victoria Square
P.O. Box 124
Tour de la Bourse
Montreal, Quebec
H4Z 1C3

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Fax: (514) 878-9891

HUBERT CHÉNIER

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Manager

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Purdy's Wharf Tower II
Suite 1410
1969 Upper Water Street
Halifax, Nova Scotia
B3J 3R7

Tel.: (902) 429-0426
Fax: (902) 423-0881

GRAHAM COADE

Business Development
Manager

MONCTON OFFICE

International Trade Centre
1045 Main Street
4th Floor, Unit 103
Moncton, New Brunswick
E1C 1H1

Tel.: (506) 851-6066
Fax: (506) 851-6406

CHARLES GAUDET

Business Development
Manager

To call any one of EDC's regional
offices toll-free: 1-888-332-3320

BUSINESS TEAMS

BASE AND SEMI-MANUFACTURED GOODS TEAM

Kevin Harris
Team Leader

To contact a team member:

Tel.: (613) 598-2823

Fax: (613) 598-2525

CONSUMER GOODS TEAM

Jean Beaulieu
Team Leader

To contact a team member:

Tel.: (613) 597-8501

Fax: (613) 598-2525

EMERGING EXPORTERS TEAM*

John Hutchison
Team Leader

To contact a team member:

Tel.: 1-800-850-9626

Fax: (613) 598-6871

FINANCIAL INSTITUTIONS TEAM

Leslie Goodfellow
Team Leader

To contact a team member:

Tel.: (613) 598-6639

Fax: (613) 598-3055

FORESTRY TEAM

Catherine Hess
Team Leader

To contact a team member:

Tel.: (613) 598-2936

Fax: (613) 598-2525

ENGINEERING AND PROFESSIONAL SERVICES TEAM

Sherry Noble
Team Leader

To contact a team member:

Tel.: (613) 598-3162

Fax: (613) 598-3167

INDUSTRIAL EQUIPMENT TEAM

Stephen Dempsey
Team Leader

To contact a team member:

Tel.: (613) 598-3163

Fax: (613) 597-8503

INFORMATION TECHNOLOGIES TEAM

Peter Foran
Team Leader

To contact a team member:

Tel.: (613) 598-6891

Fax: (613) 598-6858

TRANSPORTATION TEAM

Henri Souquières
Team Leader

To contact a team member:

Tel.: (613) 598-3164

Fax: (613) 598-2504

* If you are new to exporting and/or have annual export sales of up to \$1 million, contact EDC's Emerging Exporters Team for specialized, streamlined service. If you are an experienced exporter with larger, more complex requirements, contact the appropriate business development manager at the EDC regional office nearest you.

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Internet: <http://www.edc.ca>



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